



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Montana State Office

222 North 32nd Street

P.O. Box 36800

Billings, Montana 59107-6800

IN REPLY TO:

SDR-922-95-05
14-20-0256-3526
14-20-0256-CA24
3165.3 (922.EB)

May 17, 1995

CERTIFIED--RETURN RECEIPT REQUESTED

DECISION

Terrol Energy, Inc.
P.O. Box 227
Hygiene, Colorado 80533

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SDR No. 922-95-05

Affirmed

In letters dated May 9, 1995 (Enclosures 1 and 2), Terrol Energy, Inc. (Terrol) requested a State Director Review (SDR) of two orders from the Miles City District Office (MCDO) dated April 28, 1995 (Enclosures 3 and 4). These orders directed Terrol to take corrective action to clean up wellsites and repair dikes for the following locations:

Well Name

Well Location

Mason No. 7-16

SE~~1~~SE~~4~~ Sec. 7, T. 29 N., R. 50 E., Roosevelt
County, Montana

Foote No. 8-5

SW~~1~~NW~~4~~ Sec. 8, T. 29 N., R. 50 E., Roosevelt
County, Montana

Terrol stated in their May 9 letters, "... we are no longer operating or doing business in Montana. Eagle Minerals, Inc. is now handling all matters as they also now control all our interests." They further stated, "The paperwork for assignment of operatorship has been generated and mailed to the various working interests..." (for the Mason No. 7-16 well) and "...to UNOCAL..." (for the Foote No. 8-5 well).

The MCDO wrote to Eagle Minerals, Inc. (Eagle) on January 13, 1995, stating, "... it is our understanding that Eagle may be taking over operations of Well No. 8-5 Foote located on Lease 14-20-0256-3526 and Well No. 7-16 Mason located in Communitization Agreement 14-20-0256-CA24. If it is the intent of Eagle to operate these two wells, a Designation of Operator form must be obtained from Union Oil Company on Lease 14-20-0256-3526 designating Eagle as operator. A Designation of Successor Operator form executed by all working-interest owners of the communitized area must be submitted in order for Eagle to become approved operator of the communitization agreement." (Enclosure 5). The MCDO corresponded with Eagle again on January 23, 1995, providing them

with copies of the forms needed to submit change of operator designations (Enclosure 6). The MCDO's last correspondence with Eagle occurred on March 22, 1995 (Enclosure 7). In this letter the MCDO stated, "Our letter dated January 13, 1995, notified your office that if it is the intent of Eagle to operate Well No. 8-5 Foote...and Well No. 7-16 Mason...you are required to submit the necessary forms to this office for approval. As of this date, we have not received any written notification of a change of operator or the forms required by that letter." Further, "Until the required paperwork is filed and approved by this office, Terrol Energy, Inc. is still responsible for all reporting and operations on-the-ground."

The MCDO wrote to Terrol on April 5, 1995, advising them that the subject wells did not report any production during the months of November and December 1994 and January 1995. The MCDO directed Terrol to either establish production from the wells or commence drilling or reworking operations to restore paying production. Terrol was advised that they risked termination of the lease and/or the communitization agreement if the wells remained shut-in. The MCDO further stated that they had still not received the required paperwork from Eagle designating them as the successor operator for the subject wells (Enclosures 8 and 9).

The record indicates that neither Terrol nor Eagle has submitted the required documents designating Eagle as operator for either the Foote No. 8-5 or Mason No. 7-16 wells as required by 43 Code of Federal Regulations (CFR) §3162.3. We therefore conclude that Terrol is the operator of these wells and will remain so until such time as change of operator requests are submitted to, and approved by, the MCDO. Terrol must take corrective action on the problems identified by the MCDO in its April 28, 1995, letters for the subject wells.

This Decision may be appealed to the Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR §4.400 and Form 1842-1 (Enclosure 10). If an appeal is taken, a Notice of Appeal must be filed in this office at the aforementioned address within 30 days from receipt of this Decision. A copy of the Notice of Appeal and of any statement of reasons, written arguments, or briefs must also be served on the Office of the Solicitor at the address shown on Form 1842-1. It is also requested that a copy of any statement of reasons, written arguments, or briefs be sent to this office. The appellant has the burden of showing that the Decision appealed from is in error.

If you wish to file a Petition for a Stay of this Decision, pursuant to 43 CFR §3165.4(c), the Petition must accompany your Notice of Appeal. A Petition for a Stay is required to show sufficient justification based on the standards listed below. Copies of the Notice of Appeal and Petition for a Stay must also be submitted to each party named in this Decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 CFR §4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a Decision pending appeal shall show sufficient justification based on the following standards:

- (1) The relative harm to the parties if the stay is granted or denied,
- (2) The likelihood of the appellant's success on the merits
- (3) The likelihood of immediate and irreparable harm if the stay is not granted, and
- (4) Whether the public interest favors granting the stay.

/s/ Howard A. Lemm
for
Thomas P. Lonnie
Deputy State Director
Division of Mineral Resources

10 Enclosures

- 1-Terrol Mason letter 5/9/95 (1 p)
- 2-Terrol Foote letter 5/9/95 (1 p)
- 3-MCDO Mason Order 4/28/95 (1 p)
- 4-MCDO Foote Order 4/28/95 (1 p)
- 5-MCDO letter 1/13/95 (2 pp)
- 6-MCDO letter 1/23/95 (1 p)
- 7-MCDO letter 3/22/95 (1 p)
- 8-MCDO Mason letter 4/5/95 (1 p)
- 9-MCDO Foote letter 4/5/95 (1 p)
- 10-Form 1842-1 (1 p)

cc: (w/o encls.)
MCDO

bc: (w/o encls.)
WO-310, LS, Rm. 406
AM, GFRA
DM, Dickinson
MT-922
AK SO
AR SO
CA SO
CO SO
ESO
ID SO
NV SO
NM SO
OR SO
UT SO
WY SO

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